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UNITED STATES
DEPARTMENT
OF AGRICULTURE

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THE AGRICULTURAL SITUATION REVIEW

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SPEAKING TIME: 10 Minutes

OPENING ANNOUNCEMENT: As usual we present at the fore part of each month a special summary of the business situation of the farming industries, especially prepared for station _____ by the United States Department of Agriculture.

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The Department economists believe that the thing which dominates the present agricultural situation is the low prices received by farmers for their principal products. Compared with a year ago cotton and wheat show a slight improvement; cattle are just about the same; but other important lines such as hogs, dairy products, and potatoes are considerably lower in price.

Generally speaking, the output of farm products this year is moderate. Stocks of farm products in storage are mostly smaller -- that is, except for cotton and wheat. But the average of prices of farm products stands in the preliminary estimates for September at an index number of 59, as compared with an index number of 72 a year ago.

Well, there is a view of the general business situation of farming in which the features are moderate production this year, smaller stocks in storage of most lines of farm products, but lower prices as compared with a year ago.

Now, we'll have a look at the facts back of the market for such important farm products as wheat, lambs, cattle, hogs, dairy products, and fruit and vegetables. Fairly accurate estimates of the wheat crop in the main producing countries in the northern half of this old globe--except, of course, for Russia and China -- are now at hand. Totaling up these estimates, and taking account of crop conditions in Australia and the Argentine, the statisticians conclude that the world outside of Russia and China this year probably will have less wheat than last year to eat or feed or carry over into the future.

But in North America, we will have about 30 million more bushels of wheat than last year to get rid of or to carry over. Coming down to the United States: We will have mainly the hard red winter wheat of the Central and South-western States, and the white wheat of the Pacific Northwestern States for export. Now this wheat, especially the hard red winter wheat, is going to encounter a European market situation which sums up about like this:

The eastern European countries and Russia have poor wheat crops this season. They will not be able to export nearly so much wheat to western Europe as they did a year ago. On the other hand, the western European countries have a much larger crop than last year, so they won't have to buy so much wheat as they did last year. Also, these western European countries are keeping up their tariffs and their milling restrictions on foreign wheat. Also the lower value of currency in most foreign countries restricts the outlet for our grain.

January 1st 1880

My dear Mr. [Name]

I have just received your letter of the 28th

and am very glad to hear from you

and hope you are well and happy. I am well and hope to hear from you again soon.

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So, from the standpoint of the United States farmer, the present wheat situation sums up about as follows: First, a fairly steady domestic milling demand especially for red spring wheat, high quality amber durum, and soft red winter. Second, perhaps a smaller export outlet for our surplus stocks of hard red winter wheat and of white wheat, because European countries have bigger crops and don't need so much wheat from other countries, because of tariff and milling restrictions, and because of sharp competition from Canada and Australia and the Argentine. Our wheat exports so far this season have been less than 8 million bushels. By this time last season we had shipped out nearly 25 million bushels. This does not include flour though the ratio is about the same if flour is included. The late September declines in wheat prices brought our prices to an export basis for some classes, and a few export sales were reported of hard red winter from the ports on the Gulf of Mexico, and of white wheat from the Pacific ports. But Canada is getting the bulk of the world's wheat export trade and Australia and Argentina are getting most of the remainder.

Now turning to the situation of the livestock industries, the economists point out first of all that cattle and sheep are not coming off the western pastures this year as fast as they were last year. Last year drought in the West had burned up the ranges by this time. This year feed is abundant on the ranges.

The effects of the better range conditions in the West show up in the statistics of shipments of lambs and of grass cattle. The movement is slower than a year ago.

Now most of the lambs that have been coming to the markets have been slaughtered, not sent back to the country for feeding. In fact, only a little more than half as many feeder lambs went out during August into the principal Corn Belt feeding states this year as during August last year. The September shipments of feeder lambs were small also. The market reporters have noticed that western sheep growers are taking much less interest in making contracts with Corn Belt feeders to fatten up their lambs. So, apparently the number of lambs on feed this winter is going to be quite a bit smaller than the number of lambs on feed last winter.

But not so with the number of cattle on feed. A big part of the steers coming in off grass now are being bought by farmers and taken back to the Corn Belt for feeding on grain and other concentrates this winter. Just how large a share of the grass cattle will go back for fattening depends mainly on how much credit is available to cattle feeders. The relation between prices of cattle and prices of grain distinctly favors feeding just now. But cautious men in the Corn Belt are saying that they are going to watch the corners in their feeding operations in order to be safe if it should turn out, as they fear, that profits in cattle feeding operations this year will depend upon cheap gains rather than upon margins.

The cattle market reporters say that this fall will see a good many of the heavy steers taken out for feeding in July and August back on the market and grading good or better; also that considerable numbers of long-fed yearlings are going to come on the market in the late fall. These reporters point out that last year and the year before prices for the better grade steers were high

in the late fall and this fact has tended to encourage the finishing of cattle for sale in the late fall sale this year.

Now a glimpse of the dairy and poultry market situations. Prices for eggs surprised everybody in September by just keeping on going up. The main reason seemed to be that fewer eggs were coming to market, and that the number of cases of eggs in storage was a third less than last year at the same time. Also the egg trade seemed to be encouraged by the fact that consumption of eggs held up quite well in the face of the advancing prices.

In the background of the poultry markets is the fact, reported to the Department of Agriculture by typical farmers, that the number of hens in farm laying flocks is falling off, and so is the number of eggs produced per farm flock.

In the background of the dairy markets was the fact that the production of milk in September was running about the same as a year ago in spite of the fact that the number of cows on farms was 4 per cent greater. But the production per cow was the lowest in 7 years, mainly because of poor pastures and light grain feeding.

Even so the volume of milk and of dairy products coming on the market has met a smaller demand from consumers, so that prices of milk and of butter and cheese and other dairy products have gone down. Agitation over the low price of milk is now wide-spread, especially in the chief market milk regions.

Before we leave the livestock industries, we should note the main facts in the report on the hog situation. It seems that supplies of hogs for the winter marketing season (that is, from October to April) are smaller than last year. But for next summer, larger supplies are a possibility. This fall's pig crop may be larger than the pig crop of last fall. Moreover, we have a big crop of corn and other feed grains well distributed over the country this year. So corn and the other feed grains are cheap. A situation like this in the past has usually resulted in heavier feeding of hogs and in a larger pig crop the following spring. The most recent example of this tendency was in 1922 and 1923.

Finally, a brief summary of the fruit and vegetable situation. Carlot shipments of fruits and vegetables are working up to their annual peak. At the first of October, the shipments averaged more than 3,000 cars per day of 35 important products. The total weekly volume of railway and boat shipments of fruits and vegetables has almost caught up with the volume of last season. And movement of these products by motor truck is assuming a more prominent part this year, especially in such sections as Michigan and New York.

Prices are still low for most lines of fruits and vegetables. At shipping points, the recent range of f.o.b. quotations was much less than a year ago for nearly all products except eastern apples and peaches. Prices of onions and potatoes were especially low. The prices paid on city markets also reflected the low level of prices paid in the producing sections.

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CLOSING ANNOUNCEMENT: With that summary of the fruit and vegetable situation, we conclude the October report on the general farm business situation. This report is presented early in each month by Station _____ through special arrangement with the U. S. Department of Agriculture.

